

Docket No. 7447

Order entered: 7/18/2008

The parties have waived the opportunity for review of the Proposal for Decision, briefing, and oral argument, in accordance with 3 V.S.A. § 811.

I have reviewed the Petition, and the supporting documents. I conclude that approval of Johnson's Petition pursuant to 30 V.S.A. § 108(c) is appropriate and that such approval may occur without hearing. Based upon the evidence of record and the exhibits presented in this docket, and the DPS letters of June 24 and June 27, 2008, I hereby report the following findings and conclusion to the Board in accordance with 30 V.S.A. § 8.

II. FINDINGS

1. Johnson is the owner of a used 1995 Freightliner/Altec bucket truck utilized by Johnson for the repair and general maintenance of its electrical system. An inspection of the truck performed last year revealed structural problems with the boom which rendered the vehicle unsafe for linemen and unreliable for continued operation. Johnson estimates the cost of repairs to be approximately \$15,000 to \$18,000, roughly equivalent to the resale value of the truck. Based on that information, the Johnson Village Trustees concluded that repairing the vehicle was not cost effective and that it should be replaced. Hastings pf. at 2.

2. Johnson subsequently sent out a bid solicitation and located three Posi Plus trucks available for purchase that had been custom built for Central Vermont Public Service Corporation. A price quote received for one of the trucks was \$180,000. In comparing the quote with other bids, Johnson determined that the price was competitive given that the equipment included with the Posi Plus truck exceeded that of the other vehicles. Hastings pf. at 2.

3. In order to capitalize on the opportunity, Johnson decided to purchase the Posi Plus truck with short-term financing from Union Bank in the amount of \$180,000. The short-term loan matures on October 28, 2008. Hastings pf. at 3.

4. Three long-term financing options provided by De Lage Landen Public Finance are currently under review by Johnson: (1) a seven-year lease/purchase option priced at a base interest rate of 4.11%; (2) a ten-year note or bond priced at an interest rate of 4.25%; and (3) a twelve-year note or bond priced at an interest rate of 4.50%. Johnson plans to take \$25,000 from its capital reserve and apply it against the existing short-term debt and refinance the remaining balance of \$155,000. Hastings pf. at 3, 4.

5. The projected impact of the three financing options on retail rates is estimated to be: (1) 1.3%; (2) .97%; and (3) .84%, respectively. Hastings pf. at 4; exh. Johnson DH-2.

6. Johnson prefers the seven-year lease/purchase option because of the savings on interest expense which will result from the lower interest rate and shorter repayment period. However, Johnson requests flexibility in weighing its options in order to secure the most favorable interest rate through conventional loan or bond financing. Hastings pf. at 4.

7. Time is of the essence due to the current volatility in the debt markets and Johnson's desire to secure the most favorable interest rate possible. Hastings pf. at 4.

III. DISCUSSION & CONCLUSION

Based upon the foregoing and the evidence in the record, I find that Johnson's Petition as described above will be consistent with the general good of the State. I therefore recommend that the Board approve the Petition and authorize the financing without hearing.

The parties have waived their rights to file exceptions and present arguments under 3 V.S.A. § 811. Therefore, the proposal for decision has not been served on the parties.

Dated at Montpelier, Vermont this 16th day of July, 2008.

s/Jay E. Dudley
Jay E. Dudley
Hearing Officer

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings, conclusion and recommendation of the Hearing Officer are accepted and adopted.
2. The request for financing as set forth in the Village of Johnson Electric Department's ("Johnson") Petition in this docket, and as described in the Findings is consistent with the general good of the State of Vermont.
3. Pursuant to 30 V.S.A. § 108(c), consent is hereby given to Johnson to refinance the purchase of a Posi Plus bucket truck in an amount not to exceed \$155,000 in long-term debt financing under one of the three financing options presented by Johnson, according to the terms and rate consistent with the Findings above.
4. This Order does not constitute approval of Johnson's capital structure or of any particular capital or operating expenditure that may be implemented with the proceeds from the issuance of long-term debt contemplated in the Petition in this docket. Nothing in this approval shall preclude the Vermont Department of Public Service ("DPS") or any other party, or the Vermont Public Service Board ("Board"), from reviewing or challenging such expenditures or Johnson's resulting capital structure.
5. Upon request, Johnson shall provide the Board and the DPS with a complete set of final executed loan documents.

Dated at Montpelier, Vermont, this 18th day of July, 2008.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: July 18, 2008

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@psb.state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.